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BAUCUS LOOKS TO MAKE TAX FILING EASIER FOR INDIVIDUALS, BUSINESSES

Finance Chair Examines Tax Administration Systems from Around the World as Ideas for Tax Reform

Washington, DC – With tax filing day approaching, Senate Finance Committee Chairman Max Baucus (D-Mont.) convened a hearing today to discuss ideas on simplifying tax administration and easing filing burdens for individuals and businesses. Today's hearing is part of a Finance Committee series examining ways the tax code can be more fair and simple, boost the economy and increase the competitiveness of U.S. businesses at home and in the global market.

"Filing taxes is one of the most direct relationships many Americans have with our government and we should do everything possible to minimize the stress and costs involved," said Baucus. **"The U.S. lags far behind other countries in effective tax administration – our tax forms and instructions are too lengthy and confusing, often requiring folks in Montana and across the nation to consult lawyers and accountants just to comply with the law. As we work to improve tax policy, we need to also ensure we're simplifying the way the tax code is administered to make tax filing easier so taxpayers are less frustrated and small businesses can focus on growing their businesses instead of filing their taxes."**

At today's hearing, Baucus said that while no single system stands out as an ideal model for the rest of the world, examples of successful techniques from other countries could provide insight into how the U.S. could improve. He considered the practice of providing taxpayers with returns personalized with their own tax data already filled out, which is used in countries like Finland, Denmark, Sweden, Spain and the UK. With this practice, Baucus noted, many taxpayers just have to review a tax return that the government prepares for them, rather than having to fill out the return from scratch.

Baucus also examined different countries' tax administration systems and the options for implementing some of their best practices in the U.S. Baucus asked the expert witnesses to what extent complexity of the tax code and frequent changes increase taxpayers' filing burdens. He also asked the degree to which the information technology infrastructure of the Internal Revenue Service (IRS) is an impediment to implementing some of the ideas discussed for improving tax administration. Baucus reaffirmed his commitment to making the tax code more fair and easy for individuals and businesses to understand. He also looked at how other countries detect tax fraud and ensure all taxes owed are paid.

The Finance Committee began its review of the code last September with a review of the lessons of the 1986 Tax Reform Act and considered historical trends in income and revenue last December. More recently, the Committee held hearings to look at changes to the tax environment over the last two decades, to consider whether the tax code could do more to incentivize economic growth and job creation, and to examine ways to increase how much people respond to specific tax incentives for individuals and businesses. Watch today's and all past hearings and view witness testimony on the Committee website at <http://finance.senate.gov/hearings/>.

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